

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 981 - SB 1184

February 27, 2015

SUMMARY OF BILL: Authorizes Johnson City to adjust its hotel occupancy tax rate. Requires any proceeds from the rate adjustment to be used solely for tourism.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – \$519,200/Johnson City/Permissive

Assumptions:

- Johnson City currently imposes a five percent hotel occupancy tax, which is equal to the maximum rate authorized for home rule cities under current law, pursuant to Tenn. Code Ann. § 67-4-1402(a).
- Johnson City's FY14-15 budget shows that projected hotel occupancy tax collections are \$1,285,000 for FY13-14; the budgeted amount for FY14-15 is \$1,298,000.
- Based on recent attempts by Johnson City officials to increase the hotel occupancy tax rate, it is assumed that Johnson City will elect to increase its hotel occupancy tax rate from five to seven percent upon passage of this bill.
- The permissive recurring increase in local government revenue is estimated to be \$519,200 $[(\$1,298,000 / 5.0\%) \times 2.0\%]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

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